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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION**

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**Docket No. \_\_\_\_\_**

**PETITION OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
FOR APPROVAL OF PROPOSED RELIABILITY STANDARDS FOR FACILITY  
CONNECTION REQUIREMENTS  
FAC-001-2 AND FAC-002-2**

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<b>Exhibit A</b>	Proposed Reliability Standards, FAC-001-2 and FAC-002-2
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demonstration that the proposed Reliability Standards meet the criteria identified by the Commission in Order No. 672<sup>6</sup> (**Exhibit C**) and a summary of the development history (**Exhibit G**). Proposed Reliability Standards FAC-001-2 and FAC-002-2 were approved by the NERC Board of Trustees on August 14, 2014.

## **I. EXECUTIVE SUMMARY**

The Facility Design, Connections, and Maintenance (“FAC”) Reliability Standards address topics such as facility interconnection requirements, facility ratings, system operating limits, and transfer capabilities. The FAC Reliability Standards also establish requirements for maintaining equipment and rights-of-way, including vegetation management. Proposed Reliability Standard FAC-001-2 requires that Transmission Owners and applicable Generator Owners document and make Facility interconnection requirements available so that entities seeking to interconnect have the necessary information. Proposed Reliability Standard FAC-002-2 ensures that the reliability impact of interconnecting new or materially modified Facilities is studied. Collectively, proposed Reliability Standards FAC-001-2 and FAC-002-2 ensure that there is appropriate coordination and communication regarding the interconnection of Facilities, which improves the reliability of the Bulk-Power System. These reliability objectives are also consistent with Commission precedent regarding the need for standardized procedures for interconnecting generators.<sup>7</sup>

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<sup>6</sup> The Commission specified in Order No. 672 certain general factors it would consider when assessing whether a particular Reliability Standard is just and reasonable. *See Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, at P 262, 321-37, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

<sup>7</sup> *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order 2003-A, FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *affirmed sub. nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

The proposed revisions to Reliability Standards FAC-001-2 and FAC-002-2 are consistent with the principles of Paragraph 81, which involve the examination for duplication across the NERC body of Reliability Standards and the technical basis and necessity for each and every requirement.<sup>8</sup> For example, revisions are proposed to Requirement R1 of Reliability Standard FAC-001-2 to eliminate redundancies with FAC-002-2 and to clarify the actions required. The proposed revisions are designed to maintain the existing reliability goals, while providing responsible entities with flexibility regarding how they fulfill the actions required.

NERC requests that the Commission approve proposed Reliability Standards FAC-001-2 and FAC-002-2 and find that the proposed standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:<sup>9</sup>

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<sup>8</sup> See *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013).

<sup>9</sup> Persons to be included on the Commission's service list are identified by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2013), to allow the inclusion of more than two persons on the service list in this proceeding.

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#### **A. Regulatory Framework**

By enacting the Energy Policy Act of 2005,<sup>10</sup> Congress entrusted the Commission with the duties of approving and enforcing rules to ensure the reliability of the Nation’s Bulk-Power System, and with the duties of certifying an Electric Reliability Organization (“ERO”) that would be charged with developing and enforcing mandatory Reliability Standards, subject to Commission approval. Section 215(b)(1)<sup>11</sup> of the FPA states that all users, owners, and operators of the Bulk-Power System in the United States will be subject to Commission-approved Reliability Standards. Section 215(d)(5)<sup>12</sup> of the FPA authorizes the Commission to order the ERO to submit a new or modified Reliability Standard. Section 39.5(a)<sup>13</sup> of the Commission’s regulations requires the ERO to file with the Commission for its approval each Reliability Standard that the ERO proposes should become mandatory and enforceable in the United States, and each modification to a Reliability Standard that the ERO proposes should be made effective.

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<sup>10</sup> 16 U.S.C. § 824o (2006).  
<sup>11</sup> *Id.* § 824o(b)(1).  
<sup>12</sup> *Id.* § 824o(d)(5).  
<sup>13</sup> 18 C.F.R. § 39.5(a) (2014).

The Commission has the regulatory responsibility to approve Reliability Standards that protect the reliability of the Bulk-Power System and to ensure that such Reliability Standards are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Pursuant to Section 215(d)(2) of the FPA<sup>14</sup> and Section 39.5(c)<sup>15</sup> of the Commission's regulations, the Commission will give due weight to the technical expertise of the ERO with respect to the content of a Reliability Standard.

### **B. NERC Reliability Standards Development Process**

The proposed Reliability Standards were developed in an open and fair manner and in accordance with the Commission-approved Reliability Standard development process.<sup>16</sup> NERC develops Reliability Standards in accordance with Section 300 ("Reliability Standards Development") of its Rules of Procedure and the NERC Standard Processes Manual.<sup>17</sup> In its ERO Certification Order, the Commission found that NERC's proposed rules provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards and thus satisfies certain of the criteria for approving Reliability Standards.<sup>18</sup> The development process is open to any person or entity with a legitimate interest in the reliability of the Bulk-Power System. NERC considers the comments of all stakeholders, and a vote of stakeholders and the NERC Board of Trustees is required to approve a Reliability Standard before the Reliability Standard is submitted to the Commission for approval.

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<sup>14</sup> 16 U.S.C. § 824o(d)(2) (2006).

<sup>15</sup> 18 C.F.R. § 39.5(c)(1) (2012).

<sup>16</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

<sup>17</sup> The NERC Rules of Procedure are available at <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>. The NERC Standard Processes Manual is available at [http://www.nerc.com/comm/SC/Documents/Appendix\\_3A\\_StandardsProcessesManual.pdf](http://www.nerc.com/comm/SC/Documents/Appendix_3A_StandardsProcessesManual.pdf).

<sup>18</sup> 116 FERC ¶ 61,062 at P 250 (2006).

### **C. History of Project 2010-02: Connecting New Facilities to the Grid**

The NERC Standard Processes Manual requires NERC to conduct periodic reviews of Reliability Standards<sup>19</sup> and consistent with this requirement, a periodic review was conducted of the Facilities Design, Connections, and Maintenance (“FAC”) body of Reliability Standards.

The NERC Standards Committee appointed six industry experts to serve on the FAC five-year review team on April 22, 2013. The review team recommended revisions to Reliability Standards FAC-001-1 and FAC-002-1 and affirmed FAC-003-3, FAC-008-3 and FAC-013-2.<sup>20</sup> A Standards Authorization Request was then initiated to revise Reliability Standards FAC-001-1 and FAC-002-1 and a standard drafting team was appointed.

### **III. JUSTIFICATION FOR APPROVAL**

As discussed in detail in **Exhibit C**, proposed Reliability Standards FAC-001-2 and FAC-002-2 satisfy the Commission’s criteria in Order No. 672 and are just, reasonable, not unduly discriminatory or preferential, and in the public interest. Provided below is the following: (A) a description of each proposed Reliability Standard and discussion of how applicable Commission directives are satisfied; and (B) justification for the proposed Reliability Standards on a Requirement-by-Requirement basis.

#### **A. Reliability Standard FAC-001-2 – Facility Interconnection Requirements**

The purpose of FAC-001 is to avoid adverse impacts on the reliability of the Bulk Electric System by requiring Transmission Owners and applicable Generator Owners to

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<sup>19</sup> Section 13.0 of the NERC Standard Processes Manual provides: “All Reliability Standards shall be reviewed at least once every ten years from the effective date of the Reliability Standard or the date of the latest Board of Trustees adoption to a revision of the Reliability Standard, whichever is later.”

<sup>20</sup> The review team also recommended to delay the review of Reliability Standards FAC-010-2.1, FAC-011-2, and FAC-014-2. WECC separately reviewed and affirmed regional Reliability Standard FAC-501-WECC-1.



document Facility interconnection requirements and to make them available so that entities seeking to interconnect will have the necessary information.

## **1. Procedural Background**

Reliability Standard FAC-001-0 was accepted by the Commission in Order No. 693.<sup>21</sup> In order to expand its applicability to Generator Owners and to modernize the formatting of FAC-001-0, FAC-001-1 was developed by NERC and was approved by the Commission on September 19, 2013,<sup>22</sup> with an effective implementation date for Transmission Owners on November 25, 2013 and for Generation Owners on January 1, 2015.

## **2. Requirement-by-Requirement Justification**

Proposed Reliability Standard FAC-001-2—Facility Interconnection Requirements consists of four requirements and is applicable to Transmission Owners and Generator Owners with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third party Facility to the Generator Owner’s existing Facility that is used to interconnect to the Transmission System (i.e., an applicable Generator Owner). Proposed Requirements R1 and R3 apply to Transmission Owners, and proposed Requirements R2 and R4 apply to applicable Generator Owners. Proposed Requirements R2 and R4 are identical, except for its applicability.

### **Proposed FAC-001-2, Requirement R1**

**R1. Each Transmission Owner shall document Facility interconnection requirements, update them as needed, and make them available upon request. Each Transmission Owner’s Facility interconnection requirements shall address interconnection requirements for:**

- 1.1. generation Facilities;**
- 1.2. transmission Facilities; and**
- 1.3. end-user Facilities**

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<sup>21</sup> Order No. 693 at P 680.

<sup>22</sup> Order No. 785 at P 19.

Proposed Requirement R1 of FAC-001-2 requires Transmission Owners to document Facility interconnection requirements, to update them, and to provide them upon request. This requirement is substantively unchanged from the currently-effective Requirement R1 of FAC-001-1, which requires Transmission Owners to document, maintain and publish Facility connection requirements. The proposed changes are intended to clarify the actions required and are designed to achieve the same reliability goals, while providing responsible entities with flexibility regarding how they fulfill the actions required.

### **Proposed FAC-001-2, Requirement R2**

**R2. Each applicable Generator Owner shall document Facility interconnection requirements and make them available upon request within 45 calendar days of full execution of an Agreement to conduct a study on the reliability impact of interconnecting a third party Facility to the Generator Owner's existing Facility that is used to interconnect to the Transmission system.**

Proposed Requirement R2 of FAC-001-2 requires applicable Generator Owners with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third party Facility to the Generator Owner's existing Facility to document Facility interconnection requirements and to make them available upon request within 45 calendar days of full execution. This requirement is substantively identical to Requirement R2 of currently-effective Reliability Standard FAC-001-1. For example, the publishing of interconnection requirements has been replaced with the requirement to make interconnection requirements available upon request. This proposed change is designed to achieve the same reliability goal of ensuring that Facility interconnection requirements are public and available in a manner that provides more flexibility to entities regarding how to maintain (such as on a website) or provide such information.

## **Proposed FAC-001-2, Requirement R3**

**R3. Each Transmission Owner shall address the following items in its Facility interconnection requirements:**

**3.1. Procedures for coordinated studies of new or materially modified existing interconnections and their impacts on affected system(s).**

**3.2. Procedures for notifying those responsible for the reliability of affected system(s) of new or materially modified existing interconnections.**

Proposed Requirement R3 is applicable to Transmission Owners and requires Transmission Owners to include procedures for coordination and communication regarding new or materially modified existing interconnections.

The currently-effective Requirement R3 of FAC-001-1 requires entities to include additional elements in their interconnection procedures, such as breaker duty and surge protection, system protection and coordination, etc. These elements have been moved to the Guideline and Technical Basis section of the standard as some items included in Parts 3.1.3 through 3.1.16 are not applicable to all entities and this is not an exhaustive list. This proposed change is designed to provide entities with the flexibility to determine which Facility interconnection requirements are technically appropriate for their respective Facilities. The information included in the Guideline and Technical Basis section can be used as a starting point for each Transmission Owner to consider in the development of Facility interconnection requirements. The proposed changes to Requirement R3 are designed to achieve the same reliability goal of ensuring that entities specify their procedures for coordination and communication in their interconnection requirements, while providing entities with flexibility.

## **Proposed FAC-001-2, Requirement R4**

### **R4. Each applicable Generator Owner shall address the following items in its Facility interconnection requirements:**

**4.1. Procedures for coordinated studies of new interconnections and their impacts on affected system(s).**

**4.2. Procedures for notifying those responsible for the reliability of affected system(s) of new interconnections.**

Proposed Requirement R4 of FAC-001-2 applies to applicable Generator Owners and requires Generator Owners to include procedures for coordination and communication regarding new or materially modified existing interconnections. Proposed Requirement R4 is identical to proposed Requirement R3 except for its applicability, and as such, the justification for Requirement R3 of FAC-001-2 applies with due weight to Requirement R4.

### **B. Reliability Standard FAC-002-2 –Facility Interconnection Studies**

The purpose of FAC-002 is to study the impact of interconnecting new or materially modified Facilities on the Bulk Electric System. Proposed Reliability Standard FAC-002-2 consists of five requirements and is applicable to: Planning Coordinators; Transmission Planners; Transmission Owners; Distribution Providers; Generator Owners; applicable Generator Owners; and Load-Serving Entities. Applicable Generator Owners are Generator Owners with a fully executed Agreement to conduct a study on the reliability impact of interconnecting a third party Facility to the Generator Owner’s existing Facility that is used to interconnect to the Transmission System. Proposed Requirement R5 applies to “applicable Generator Owners.”

The currently-effective Reliability Standards FAC-002-1 consists of one requirement with five Parts. The proposed Reliability Standard FAC-002-2 consists of five requirements which clarifies the actions required of the applicable entities.

## 1. Procedural Background

Reliability Standard FAC-002-0 was accepted by the Commission in Order No. 693.<sup>23</sup> In response to a Commission directive in Order No. 693, the FAC-002-0 Reliability Standard was modified, and these modifications were accepted as FAC-002-1 in an order issued on January 10, 2011.<sup>24</sup> Requirement R2 of FAC-002-1 was approved for retirement by the Commission on November 21, 2013.<sup>25</sup>

## 2. Requirement-by-Requirement Justification

Proposed Requirement R1 requires Transmission Planners and Planning Coordinators to study the reliability impact of certain interconnections and sets forth a minimum criteria to be evaluated in Parts 1.1 through 1.4. Proposed Requirements R2 through R5 require the applicable entities to coordinate and cooperate in these studies and to provide the data described in Parts 1.1 through 1.4 of Requirement R1.

### Proposed FAC-002-2, Requirement R1

**R1. Each Transmission Planner and each Planning Coordinator shall study the reliability impact of: (i) interconnecting new generation, transmission, or electricity end-user Facilities and (ii) materially modifying existing interconnections of generation, transmission, or electricity end-user Facilities. The following shall be studied:**

- 1.1. The reliability impact of the new interconnection, or materially modified existing interconnection, on affected system(s);**
- 1.2. Adherence to applicable NERC Reliability Standards; regional and Transmission Owner planning criteria; and Facility interconnection requirements;**
- 1.3. Steady-state, short-circuit, and dynamics studies, as necessary, to evaluate system performance under both normal and contingency conditions; and**

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<sup>23</sup> Order No. 693 at P 693.

<sup>24</sup> *North American Electric Reliability Corp.*, 134 FERC ¶ 61,015 (2011).

<sup>25</sup> *See Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Order No. 788, 145 FERC ¶ 61,147 (2013).

**1.4. Study assumptions, system performance, alternatives considered, and coordinated recommendations. While these studies may be performed independently, the results shall be evaluated and coordinated by the entities involved.**

Proposed Requirement R1 is applicable to Transmission Planners and Planning Coordinators and requires the study of the reliability impact of interconnecting new Facilities. Parts 1.1 through 1.4 specify a minimum set of considerations that must be studied.

**Proposed FAC-002-2, Requirement R2**

- R2. Each Generator Owner seeking to interconnect new generation Facilities, or to materially modify existing interconnections of generation Facilities, shall coordinate and cooperate on studies with its Transmission Planner or Planning Coordinator, including but not limited to the provision of data as described in R1, Parts 1.1-1.4.**

Proposed Requirement R2 is applicable to Generator Owners and requires coordination and cooperation on studies with their Transmission Planner or Planning Coordinator when Generator Owners are seeking to interconnect new generation Facilities or to materially modify existing interconnections. Generator Owners must also provide, at a minimum, the data in Parts 1.1 through 1.4 of Requirement R1 of FAC-002-2.

**Proposed FAC-002-2, Requirement R3**

- R3. Each Transmission Owner, each Distribution Provider, and each Load-Serving Entity seeking to interconnect new transmission Facilities or electricity end-user Facilities, or to materially modify existing interconnections of transmission Facilities or electricity end-user Facilities, shall coordinate and cooperate on studies with its Transmission Planner or Planning Coordinator, including but not limited to the provision of data as described in R1, Parts 1.1-1.4.**

Proposed Requirement R3 is applicable to Transmission Owners, Distribution Providers and Load Serving Entities and requires coordination and cooperation on studies with their Transmission Planner or Planning Coordinator when Transmission Owners, Distribution

Providers and Load-Serving Entities are seeking to interconnect new transmission Facilities or to materially modify existing interconnections or end-user Facilities. Transmission Owners, Distribution Providers and Load-Serving Entities must also provide, at a minimum, the data in Parts 1.1 through 1.4 of Requirement R1 of FAC-002-2.

#### **Proposed FAC-002-2, Requirement R4**

**R4. Each Transmission Owner shall coordinate and cooperate with its Transmission Planner or Planning Coordinator on studies regarding requested new or materially modified interconnections to its Facilities, including but not limited to the provision of data as described in R1, Parts 1.1-1.4.**

Proposed Requirement R4 is applicable to Transmission Owners and requires coordination and cooperation regarding studies for new or materially modified interconnections to their Facilities. Transmission Owners must also provide, at a minimum, the data in Parts 1.1 through 1.4 of Requirement R1 of FAC-002-2.

#### **Proposed FAC-002-2, Requirement R5**

**R5. Each applicable Generator Owner shall coordinate and cooperate with its Transmission Planner or Planning Coordinator on studies regarding requested interconnections to its Facilities, including but not limited to the provision of data as described in R1, Parts 1.1-1.4.**

Proposed Requirement R5 is applicable to Generator Owners and is parallel to Requirement R4. Proposed Requirement R5 requires Generator Owners to coordinate and cooperate regarding studies for new or materially modified interconnections to their Facilities. Generator Owners must also provide, at a minimum, the data in Parts 1.1 through 1.4 of Requirement R1 of FAC-002-2.

### 3. Commission Directives Addressed

In Order No. 693, the Commission directed NERC to consider a suggestion to include a reference to Reliability Standard TPL-004-0 in FAC-002.<sup>26</sup> The drafting team considered this suggestion and did not incorporate such a reference for several reasons. Reliability Standard TPL-004-0 has been superseded by Reliability Standard TPL-001-04. Further, the drafting team removed references to the TPL Reliability Standards to eliminate redundancy with Reliability Standard FAC-002-2, Requirement R1, Part 1.2, which requires entities to study adherence with all NERC Reliability Standards.

In Order No. 693, the Commission also directed NERC to consider the comments of various entities regarding suggestions to improve the wording and organization of Reliability Standard FAC-002-0. The drafting team considered these suggestions and this information is included in **Exhibit F**.

#### C. Enforceability of Proposed Reliability Standards FAC-001-2 and FAC-002-2

The proposed Reliability Standards include Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”). The VSLs provide guidance on the way that NERC will enforce the Requirements of the proposed Reliability Standards. The VRFs are one of several elements used to determine an appropriate sanction when the associated Requirement is violated. The VRFs assess the impact to reliability of violating a specific Requirement. The VRFs and VSLs for the proposed Reliability Standards comport with NERC and Commission guidelines related to their assignment. For a detailed review of the VRFs, the VSLs, and the analysis of how the VRFs and VSLs were determined using these guidelines, please see **Exhibit E**.

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<sup>26</sup> Order No. 693 at P 692.



The proposed Reliability Standards also include Measures that support each Requirement by clearly identifying what is required and how the Requirement will be enforced. These Measures help ensure that the Requirements will be enforced in a clear, consistent, and non-preferential manner and without prejudice to any party.<sup>27</sup>

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<sup>27</sup> Order No. 672 at P 327 (“There should be a clear criterion or measure of whether an entity is in compliance with a proposed Reliability Standard. It should contain or be accompanied by an objective measure of compliance so that it can be enforced and so that enforcement can be applied in a consistent and non-preferential manner.”).

#### IV. CONCLUSION

For the reasons set forth above, NERC respectfully requests that the Commission:

- approve the proposed Reliability Standards and associated elements included in **Exhibit A**, effective as proposed herein;
- approve the implementation plan included in **Exhibit B** as proposed herein.

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